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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 18, 2001

APPLICATION OF

OLD MILL POWER COMPANY

CASE NO. PUE000574

For licenses to conduct
business in the electric and
natural gas retail access
pilot programs and to act
as an aggregator

ORDER GRANTING LICENSES

On October 20, 2000, Old Mill Power Company ("Old Mill Power" or "Applicant"), filed an application for licenses to conduct business as an electric and natural gas competitive service provider ("CSP") and aggregator in the electric and natural gas retail access pilot programs that have been approved by this Commission, as provided by the Interim Rules Governing Electric and Natural Gas Retail Access Pilot Programs, 20 VAC 5-311-10 et seq. ("Interim Rules"). The Applicant intends to serve residential, commercial, and industrial customers participating in the natural gas retail access pilot programs of Washington Gas Light Company ("WGL") and Columbia Gas of Virginia, Inc. ("CGV"), and in the electric retail access pilot programs of Virginia Electric and Power Company ("Virginia Power"), Appalachian Power Company d/b/a American Electric Power ("AEP-VA"), and Rappahannock Electric Cooperative ("REC").

On October 30, 2000, the Commission issued its Order for Notice and Comment, docketing the case, requiring that notice of the application be published, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of Old Mill Power's application and present its findings in a Staff Report to be filed on or before November 22, 2000.

In response to a request filed by the Applicant, the Commission entered an Order on November 15, 2000, granting Old Mill Power an extension of two days to publish notice of its application.

The Applicant filed proof of publication of its notice on November 17, 2000. No comments from the public on Old Mill Power's application were received.

The Staff filed its Report on November 22, 2000, concerning Old Mill Power's fitness to provide competitive electric and natural gas service as well as aggregation services. In its Report, the Staff summarized Old Mill Power's proposal and evaluated its financial condition and technical fitness. Although the Applicant provided audited financial statements, it had experienced net losses for the previous two years. The Staff noted that Old Mill Power proposed to provide either an irrevocable letter of credit or a performance bond in the amount of \$13,000, as additional evidence of its financial

responsibility as a competitive service provider and aggregator participating in the enumerated retail access pilot programs. The Staff recommended that this security be accepted by the Commission as proof of financial fitness. As such, the Staff concluded that Old Mill Power would satisfy the financial and technical fitness requirements for licensure upon receipt of such additional evidence. The Staff recommended that a license be granted to Old Mill Power for the provision of competitive electric service to residential, commercial and industrial customers in the Virginia Power, AEP-VA, and REC pilot programs; for the provision of competitive natural gas service to residential, commercial and industrial customers in the WGL and CGV pilot programs; and for the provision of aggregation services, after the Applicant filed the proposed irrevocable letter of credit or performance bond in the amount of \$13,000 with the Commission, made payable to the Commonwealth.

Old Mill Power did not file a response to the Staff Report.

On December 4, 2000, the Commission issued an Order in which it found that Old Mill Power was not a qualified applicant solely because it had not yet filed a bond or letter of credit. In that Order, we deferred any further action in the matter until we received an acceptable form of security from the Applicant.

On April 5, 2001, Old Mill Power filed an irrevocable standby letter of credit in favor of the Virginia State Corporation Commission in the amount of \$13,000. That letter of credit expires on January 31, 2002.

NOW UPON CONSIDERATION of the application, the Staff Report, and Old Mill's April 5, 2001, letter of credit, the Commission finds that Old Mill Power's application to provide electric, natural gas, and aggregation services should be granted, subject to the conditions set forth below. Accordingly,

IT IS ORDERED THAT:

(1) Old Mill Power Company is hereby granted license No. PE-12 to provide competitive electricity supply service to residential, commercial and industrial customers in conjunction with the retail access pilot programs of Virginia Power, AEP-VA, and REC through the earlier of the expiration of the applicable pilot or January 31, 2002, the expiration date of the irrevocable letter of credit. This license to act as a competitive service provider is further granted subject to the provisions of the Interim Rules Governing Electric and Natural Gas Retail Access Pilot Programs, 20 VAC 5-311-10 et seq. ("Interim Rules"), this Order, and other applicable statutes.

(2) Old Mill Power Company is hereby granted license No. PG-13 to provide competitive natural gas supply service to

residential, commercial and industrial customers in conjunction with the retail access pilot programs of WGL and CGV through the earlier of the expiration of the applicable pilot or January 31, 2002, the expiration date of the letter of credit. This license to act as a competitive service provider is granted subject to the provisions of the Interim Rules, this Order, and other applicable statutes.

(3) Old Mill Power Company is hereby granted license No. PA-11 to provide aggregation services to residential, commercial and industrial customers in conjunction with the retail access pilot programs of WGL, CGV, Virginia Power, AEP-VA, and REC through the earlier of the expiration of the applicable pilot or January 31, 2002, the expiration date of the letter of credit. This license to act as an aggregator is granted subject to the provisions of the Interim Rules, this Order, and other applicable statutes.

(4) These licenses shall expire upon termination of the respective pilot programs, or the expiration date of the letter of credit, whichever is earlier, unless otherwise ordered by the Commission. These licenses are not valid authority for the provision of any product or service not identified within the licenses themselves.

(5) The issuance of the licenses granted herein is subject to the maintenance of the letter of credit in the amount of \$13,000.

(6) Failure of Old Mill Power to provide a substitute letter of credit prior to the expiration of the letter of credit originally filed should Old Mill Power wish to extend its licenses, or to comply with the Interim Rules, the provisions of this Order, other State Corporation Commission orders and rules, or other applicable state or federal laws may result in an enforcement action by the Commission that includes, without limitation, the revocation, suspension, or modification of a license granted herein, the refusal to renew such licenses, the imposition of appropriate fines and penalties, or such other additional actions as may be necessary to protect the public interest.

(7) This case shall remain open for consideration of any subsequent amendments or modifications to these licenses.